



## MEMORANDUM

February 28, 2012

To: City Council Finance Committee

From: Roderick Simmons, Director Parks, Recreation & Cultural Arts

Subject: New Lease for Use of McCormick Field

Summary Statement: DeWine Seeds –Silver Dollar Baseball, L.L.C. wishes to re-negotiate the terms of the lease for the use of McCormick Field for the continued operation of the Asheville Tourist.

Review:

On July 1, 2005 the City entered into a 10-year lease with Asheville Tourist Baseball Club, Inc. for the use of McCormick Field to operate a minor league baseball program within the city limits of Asheville.

January 5, 2010 Palace Baseball, L.L.C. entered into an asset purchase agreement with DeWine Seeds –Silver Dollar Baseball, L.L.C.

On January 26, 2010 City Council approved to assign the lease with Palace Baseball, L.L.C. to DeWine Seeds –Silver Dollar Baseball, L.L.C for the continued operation of minor league baseball in the city limits of Asheville.

DeWine Seeds –Silver Dollar Baseball, L.L.C. has been operating the under the original 2005 lease agreement and now wishes to re-negotiate the terms of the original 2005 agreement.

The current lease agreement calls for the City to provide the following services:

<b><u>Current</u></b>			
Terms	10 years		
Annual Lease payment to City	\$	100,000	
Annual Capital	\$	40,000	
<b>Responsible Party</b>			
<b><u>Current</u></b>	<b><u>City</u></b>	<b><u>Tourist</u></b>	<b><u>Cost</u></b>
Utilities	X		\$ 92,560.00
Stadium Clean-Up	X		\$ 35,000.00
Playing Field			
Maintenance	X		\$ 65,000.00
Facility Maintenance	X		\$ 17,000.00
			<b>\$ 209,560.00 Annually</b>

Staff have worked closely with DeWine Seeds –Silver Dollar Baseball, L.L.C to re-negotiate the terms of the original 2005 agreement and for their organization to take over the operational functions of McCormick Field for baseball operations.

The proposed new terms are as follows:

### **New lease Agreement**

1. Tourist assumes all operating and staff cost for field and stadium operations
2. Tourist receives all revenue for operations of the stadium.
3. The City will continue to provide building maintenance staff support.
4. The City will continue to provide outside landscaping and tree trimming support.
5. The City and tourist will develop a separate MOU for the following areas:
  - a. Facility Naming Rights
  - b. Use of Operational Equipment
  - c. Long Range Capital improvements

<b><u>Proposed</u></b>			
Terms	5 years		
Annual Lease payment	\$ 1.00		
	<b>Responsible Party</b>		
<b><u>Proposed</u></b>	<b><u>City</u></b>	<b><u>Tourist</u></b>	<b><u>Cost</u></b>
Utilities		X	
Stadium Clean-Up		X	
Playing Field			
Maintenance		X	
Facility Maintenance	X		\$ 10,000.00
			<b>\$ 10,000.00 Annually</b>

The City commits to capital improvements in the facility according to the following schedule. These investments total \$765,000 and will be constructed over the 5-year term of the lease. It is anticipated that these improvements will be funded by debt financing, and that the City's debt service payments for these projects during the proposed lease period will be approximately equal to the net operating loss under the current agreement.

	FY 12-13	FY 13-14	FY 14-15
Lighting Replacement	90,000.00		
Playing Surface Replacement	300,000.00		
Clubhouse Renovations		100,000.00	
Bleacher Replacement			275,000.00

### **Pros**

- DeWine Seeds –Silver Dollar Baseball, L.L.C. is committed to keeping minor league baseball in Asheville.

- With the change in the economic climate, this gives the Asheville Tourists and the City an opportunity to make possible changes to a 10-yea old lease developed by the previous owner of the Asheville Tourists.

Cons

- None

Fiscal Impact: City will continue to provide Building Maintenance functions such as electrical, plumbing, and HVAC services for the stadium on an as needed basis. The cost is anticipated to be approximately \$10,000 per year and will be budgeted in the Building Maintenance annual operating budget.

The debt service for capital projects is anticipated to be approximately equal to the City's current investment in operating the facility. However, under the proposed lease, the funds will be invested in capital projects at the facility and will be reflected in the City's General Capital Projects Fund.

Based on the committee's feedback, staff will prepare a lease for City Council consideration and approval.